

DEPARTMENT OF CORPORATIONS
STATE OF CALIFORNIA

APPLICATION FOR QUALIFICATION OF RECAPITALIZATIONS AND REORGANIZATIONS (SECTION 260.121)

An application pursuant to section 25121 of the code for the qualification of the offer and sale of securities in connection with any change in the rights, preferences, privileges, or restrictions of or on outstanding securities or in any exchange of securities by the issuer with its existing security holder exclusively or in any exchange in connection with any merger or consolidation or purchase of corporate assets in consideration wholly or in part of the issuance of securities shall, in addition to the facing page required by section 260.110 of these rules, continue on the following form:

NOTE: Any item which is inapplicable should be listed by number on the form followed simply by the word "inapplicable."

(a) IF THE TRANSACTION INVOLVES a merger, consolidation or purchase of corporate assets:

ITEM 8. DESCRIPTION OF PLAN.

Describe the material features of the plan, the reason therefore, the general effect thereof upon the rights of existing security holders, the approximate number of shareholders of each corporation involved, the vote needed for its approval, the proposed date for the mailing of proxies and the proposed date of the shareholders' meeting.

ITEM 9. EXECUTION OF PLAN.

Describe the method by which the plan described in Item 8 will be carried out, including the names of any broker-dealers or agents to be employed by each corporation in effecting purchases or sales pursuant to the plan and the compensation to be paid such persons, or other considerations to be received by such persons, or any other persons, in connection with the sale or purchases of securities. If agents (other than licensed broker-dealers) are to be employed by the applicant in connection with the distribution of securities in California pursuant to the plan, the applicant is required to comply with Sections 260.141.30 and 260.141.31, Title 10, California Code of Regulations, and the following information is to be furnished:

- a. The name and business address of each person who will represent the applicant as an agent in the state.
- b. The name and business address of the officer or other official who will supervise such agents on behalf of the applicant.
- c. A statement that all such agents are employees of the applicant.
- d. A statement of the compensation to be paid to such agents. A statement of the compensation to be paid to such supervisory personnel, other than their regular salaries if they are regular employees of the applicant.
- e. Describe any order, judgment or decree of any governmental agency or administrator, or any court of competent jurisdiction revoking or suspending for cause any license, permit or any other authority of such agent or supervisory person or of any corporation of which he is an officer or director, to engage in the securities business or in the sales of a particular security or temporarily or permanently restraining or enjoying any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business, or of theft or of any felony.
- f. A surety bond complying with section 260.216.15, Title 10, California Code of Regulations.

ITEM 10. DESCRIPTION OF BUSINESS.

Describe the business of the issuer and each other corporation involved in the transaction.

ITEM 11. DIVIDENDS IN ARREARS OR DEFAULTS.

A statement concerning any dividends in arrears or defaults in principal or interest in respect of any securities of the issuer and any other corporation involved in the transaction, and concerning the effect of the plan thereon.

ITEM 12. HIGH AND LOW SALES PRICES WITHIN 2 YEARS.

As to each class of securities of the issuer and of each other corporation involved in the transaction which is admitted to trading on a securities exchange or with respect to which a market otherwise exist, and which will be materially affected by the plan, state the high and low sale price (or, in the absence of such information, the range of the bid prices) for each quarterly period within two years.

ITEM 13. DIRECTORS AND EXECUTIVE OFFICERS.

- (a) List the names of all directors and officers of the issuer and of each other corporation involved in the transaction, indicating all positions and offices held by each person named.
- (b) Describe any order, judgment, or decree of any governmental agency or administrator, or of any court of competent jurisdiction revoking or suspending for cause any license, permit or other authority of each person or of any corporation which he is an officer or director, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business, or of theft or of any felony.

ITEM 14. PRINCIPAL HOLDER OF SECURITIES.

State any material interest in the transaction, of each person who, with respect to the issuer or any other corporation involved in the transaction, is a director or officer or person occupying a similar status or performing similar functions, or owns of record or beneficially (if known to the issuer) 10% or more of the outstanding shares of any class of equity securities, or is a promoter if the issuer or such other corporation was organized within the past three years. (Instructions: An interest of one of the specified persons which arise solely from the ownership of securities of the only one of the corporations involved in the transaction is not a material interest where the specified person receives no extra or special benefit not shared on a pro rata basis by all holders of securities of that class.)

ITEM 15. EXCHANGE RATIO.

State the basis of the ratio for the exchange of the securities of the issuer corporation for the securities of the constituent corporation(s).

ITEM 16. EXHIBITS.

Attach and incorporate by reference the following exhibits.

NOTE: Any exhibit which is inapplicable should be listed by letter on the form followed simply by the word "inapplicable."

A. With respect to the issuer and each other corporation involved in the transaction, the financial statements required by section 260.613 of Title 10 of the California Code of Regulations, and pro forma financial statements giving effect to the proposed transaction.

B. A copy of the plan of reorganization if it is set forth in a writing document, including any request for delayed effectiveness of the filing of such document with the Secretary of State or similar authority.

C. Copies (which may be in a restarted or composite form) of the current charter documents (as defined in Section 260.001, Title 10, California Code of Regulations) of the issuer and of each constituent corporation involved in a merger or consolidation.

D. A copy of any contract made or to be made by the issuer affecting any of the rights, preferences, privileges, or transferability of securities.

E. Subject to the following instruction, a copy of any agreement made or to be made by or among shareholders of the issuer which materially affects, or will materially affect, any of the rights, preferences, privileges, or restrictions of or on securities of the issuer or the management of the issuer (including any voting agreement, irrevocable proxy or shareholders' agreement). Instructions: If a copy of an agreement is not available to the issuer, so state and furnish a brief description of the agreement including therein such information regarding the parties and terms as is known to the issuer. Nothing contained herein shall be construed as requiring the issuer to disclose information concerning agreements of which it has no knowledge.

F. A preliminary copy of the proxy material to be used to solicit the vote or consents of security holders (amended copies of such proxy material and final copies should be submitted as supplemental information to this application), and the consent of any attorney, accountant or any other expert named in such proxy material, if such expert's consent is required pursuant to section 260.504.2.2, Title 10, California Code of Regulations, in the form required by that section.

G. The Consent to Service of Process if required by Section 25165 of the California Corporations Code.

H. A customer Authorization of Discloser of Financial Records Form (Form No. QR 500.259).

ITEM 17. REPORTS OF FINANCIAL CONDITION.

Pursuant to Section 25146 of the California Corporations Code and Section 260.146, Title 10, California Code of Regulations, applicant hereby undertakes, as long as required under the foregoing sections and subject to the exceptions therein contained, to file with the Commissioner: (a) within 120 days after the end of each fiscal year a report of financial condition and related statement of income and expenses covering such fiscal year; and (b) within 90 days after the first six months of each fiscal year, a like report and statement covering such six months period.

(b) IF THE TRANSACTION INVOLVES a change in rights, preferences, privileges or restrictions of or on outstanding securities or on an exchange by an issuer with its existing security holders exclusively:

ITEM 8. OUTSTANDING SECURITIES TO BE MODIFIED.

State the title and amount of outstanding securities to be modified.

ITEM 9. DESCRIPTION OF OUTSTANDING SECURITIES AND MODIFIED SECURITIES.

Describe any material differences between the outstanding securities and the modified or new securities.

ITEM 10. DESCRIPTION OF PROPOSED MODIFICATION.

State the reasons for the proposed modification, the general effect thereof upon the rights of existing security holders, the basis of the ratio for the exchange of securities by an issuer with its existing security holders, the vote needed for approval, the proposed date for the mailing of proxies and the proposed date of the shareholders' meeting.

ITEM 11. DIVIDENDS IN ARREARS OR DEFAULTS.

A statement as to arrears in the dividends or as to defaults in principal or interest with respect to outstanding securities which are to be modified, and such other information as may be appropriate in the particular case to disclose adequately the nature and effect of the proposed action.

ITEM 12. METHOD OF SELLING THE SECURITIES.

If the applicant will employ broker-dealers or agents in connection with the re-capitalization described in Items 9 and 10, describe the functions such persons will perform, furnish their names, and state the compensation to be paid such persons, or other consideration to be received by such persons, or any other persons, in connections with the sale or purchase of securities under the plan of recapitalization. If agents are to be employed by the applicant in connection with the distribution of securities pursuant to the plan, the applicant is required to comply with Sections 260.141.30 and 260.141.31, Title 10, California Code of Regulations, and the following is to be furnished:

- a. The name and business address of each person who will represent the applicant as an agent in this state.
- b. The name and business address of the officer or other official who will supervise such agents on behalf of the applicant.
- c. A statement that all such agents are employees of the applicant.
- d. A statement of the compensation to be paid to such agents. A statement of the compensation to be paid to such supervisory personnel, other than their regular salaries if they are regular employees of the applicant.
- e. Describe any order, judgment or decree of any governmental agency or administrator, or of any court of competent jurisdiction revoking or suspending for cause any license, permit or other authority of such agent or supervisory person or of any corporation of which he is an officer or supervisory person or of any corporation of which he is an officer or director, to engage in the securities business or in the sales of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or the convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business, or theft or of any other felony.
- f. A surety bond complying with Section 260.216.15, Title 10, California Code of Regulations.

ITEM 13. DIRECTORS AND EXECUTIVE OFFICERS.

- (a) List the names of all the directors and officers of the issuers indicating all positions and offices held by each person.
- (b) Describe any order, judgment, or decree of any governmental agency or administrator, or of any court of competent jurisdiction revoking or suspending for cause any license, permit or other authority of such person or of any corporation of which he is an officer or director, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any other corporation of which he is an officer or director from engaging in or continuing and conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of a felony or misdemeanor involving a security or any aspect of the securities business, or of the theft or of any felony.

ITEM 14. PRINCIPAL HOLDERS OF SECURITIES.

State any material interest in the transaction of each officer or director of the issuer, or any person occupying a similar status or performing similar functions, any person owing off record or beneficially (if known to the issuer) 10% or more of the outstanding shares of any class of equity security of the issuer, and any promoter of the issuer if the issuer was organized within the past three years.

ITEM 15. EXHIBITS.

Attached and incorporated by reference the following exhibits.

- NOTE: Any exhibit which is inapplicable should be listed by letter on the form followed simply by the word "inapplicable."
- A. With respect to the issuer, the financial statement required by Section 260.613, Title 10, California Code of Regulations.
 - B. A copy of the plan of recapitalization if it is set forth in a written document, including any request for delayed effectiveness of the filing of such document with the Secretary of State or similar authority.
 - C. Copies (which may be in a restated or composite form) of the current charter documents (as defined in Section 260.001, Title 10, California Code of Regulations) of the issuer and each constituent corporation involved in a merger or consolidation.
 - D. A preliminary copy of the proxy material to be used to solicit the vote or consents of security holders (amended copies of such proxy material and final copies should be submitted as supplemental information to this application), and the consent of any attorney, accountant, or other expert named in

such proxy material, if such expert's consent is required pursuant to Section 260.504.2.2, Title 10, California Code of Regulations, in the form required by this section.

- E. A copy of any contract made or to be made by the issuer affecting any of the rights, preferences, privileges, or transferability of securities.
- F. The Consent to Service of Process if required by Section 25165 of the California Corporations Code.
- G. Subject to the following instruction, a copy of any agreement made or to be made by or among shareholders of the issuer which materially affects, or will materially affect, any of the rights, preferences, privileges, or restrictions of or on securities of the issuer or the management of the issuer (including any voting agreement, irrevocable proxy or shareholders' agreement).
- H. A Customer Authorization of Discloser of Financial Records Form (Form No. QR 500.259).

INSTRUCTIONS: If a copy of an agreement is not available to the issuer, so state and furnish a brief description of the agreement including therein such information regarding the parties and terms as is known to the issuer. Nothing contained herein shall be requiring the issuer to disclose information concerning agreements of which it has no knowledge.

ITEM 16. REPORTS OF FINANCIAL CONDITION.

Pursuant to section 25146 of the California Corporations Code and Section 260.146 of Title 10 of the California Code of Regulations, applicant hereby undertakes, as long as required under the foregoing sections and subject to the exceptions therein contained, to file with the Commissioner:

- (a) Within 120 days after the end of each fiscal year, and:
- (b) Within 90 days after the first six months of each fiscal year, a like report and statement covering such six months period.
- (c) Signatures:
The applicant must be signed and verified in the following form:

The applicant has duly caused this application to be signed on its behalf by the under signed, thereunto duly authorized.

(Applicant)

By _____

(Title)

I certify (or declare) under penalty of perjury under the laws of the State of California that I have read this application and the exhibits thereto and know that the contents thereof, and the statements therein are true and correct.

Executed at _____ on _____
(Place) (Date)

(Signature)